

Message Text

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PAGE 01 SINGAP 04269 140150Z

22

ACTION EA-09

INFO OCT-01 IO-13 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

AGRE-00 /103 W

----- 096026

R 140002Z SEP 76

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 6162

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EGEN, PFOR, ASEAN, SN

SUBJECT: ASEAN TRADE PREFERENCES NEGOTIATING GROUP MEETS

REF: SINGAPORE 3493

1. SUMMARY. ASEAN TRADE COMMITTEE'S TRADE PREFERENCES NEGOTIATING GROUP MET IN SINGAPORE SEPTEMBER 6 -8. GROUP REPORTEDLY ACHIEVED SOME PROGRESS IN FASHIONING A "DRAFT AGREEMENT" TO FACILITATE INTRA-ASEAN TRADE IN RICE AND PETROLEUM AND IN OUTPUT OF FIVE PROPOSED ASEAN INDUSTRIAL PROJECTS. END SUMMARY.

2. ON SEPTEMBER 10 LEE CHIONG GIAM, DIRECTOR, REGIONAL AND ECONOMIC DIVISION, MFA, BRIEFED EMBASSY OFFICERS ON FIRST MEETING OF TRADE PREFERENCES NEGOTIATING GROUP (TPNG) WHICH MET IN SINGAPORE, SEPTEMBER 6-8. THIS BODY WAS SET UP BY
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PAGE 02 SINGAP 04269 140150Z

ASEAN TRADE COMMITTEE (REFTEL TO WORK OUT DETAILS OF TRADE

PREFERENCES TO BE EXCHANGED BETWEEN ASEAN PARTNERS. LEE STATED THAT TPNG HAD MANAGED TO HAMMER OUT A "DRAFT AGREEMENT", A DOCUMENT WHICH SPELLS OUT THE KINDS AND SCOPE OF TRADE EXPANSION MEASURES WHICH WILL APPLY, IN THE FIRST INSTANCE, TO INTRA-REGIONAL TRADE IN RICE AND PETROLEUM AND IN THE PRODUCTS OF THE FIVE PROPOSED ASEAN INDUSTRIAL PROJECTS. LEE SAID DOCUMENT WOULD RECEIVE FURTHER ATTENTION AT NEXT MEETING OF TRADE COMMITTEE (PROBABLY OCTOBER), WITH A VIEW TO OBTAINING FORMAL APPROVAL FROM ASEAN FOREIGN MINISTERS BY END OF YEAR.

3. WE GAINED IMPRESSION THAT "DRAFT AGREEMENT" IS NOT MUCH MORE THAN INVENTORY OF TRADE PROMOTION MEASURES WHICH INDIVIDUAL ASEAN COUNTRIES CAN USE AS BASIS FOR NEGOTIATING, ON BILATERAL BASIS, PREFERENTIAL TREATMENT FOR SPECIFIC PRODUCTS. IN ADDITION TO TARIFF ADJUSTMENTS, "DRAFT AGREEMENT" COVERS NON-TARIFF BARRIERS, GOVERNMENT PURCHASE PROGRAMS, CREDIT ARRANGEMENTS, PURCHASE-FINANCE SCHEMES, AND LONG-TERM GOVERNMENT CONTRACTS. ANNEXES TO "DRAFT AGREEMENT" SPELL OUT "RULES OF ORIGIN" AND CONTAIN "ESCAPE CLAUSES" WHICH WOULD PERMIT SUSPENSION OF PREFERENCES FOR GENERAL BALANCE OF PAYMENTS REASONS OR BECAUSE OF SPECIFIC INJURY CAUSED DOMESTIC INDUSTRY BY PREFERENTIAL IMPORTS. LEE CONFIDED THAT SINGAPORE HAD ACHIEVED A MINOR VICTORY WITHIN TPNG IN HAVING REDUCED FROM 60 PERCENT TO 50 PERCENT THE DOMESTIC ORIGIN VALUE OF A PRODUCT TO QUALIFY IT FOR PREFERENTIAL TREATMENT. LEE POINTED OUT THAT THE GOS CONSIDERED THIS AN IMPORTANT CONCESSION, SINCE SINGAPORE WOULD, IN NEAR TERM, BE ONLY ASEAN COUNTRY SEEKING PREFERENTIAL TREATMENT FOR MANUFACTURED ITEMS EMBODYING NON-ASEAN PRODUCED COMPONENTS.

4. LEE OBSERVED THAT ATMOSPHERE AT MEETING HAD BEEN GOOD, HIGH LEVEL DELEGATES FROM ASEAN MAKING IT POSSIBLE TO REALIZE WHAT HE TERMED "SIGNIFICANT PROGRESS". IN RESPONSE TO QUESTION, LEE SAID THAT "VERY POSITIVE" ATTITUDE OF INDONESIAN REPRESENTATIVE CONTRIBUTED TO FAVORABLE RESULT. HE ALSO NOTED THAT TPNG WOULD MEET AGAIN IN MID-OCTOBER IN SINGAPORE AND OPINED IT WOULD BE MEETING MORE FREQUENTLY THAN ANY OTHER ASEAN BODY.

5. ACCORDING TO LEE, IT WAS UP TO EACH ASEAN COUNTRY TO DECIDE WHICH PREFERENCES FOR ELIGIBLE PRODUCTS IT WOULD REQUEST FROM LIMITED OFFICIAL USE

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PAGE 03 SINGAP 04269 140150Z

OTHERS. SOME "REQUEST LISTS" HAVE BEEN EXCHANGED (APPARENTLY QUITE RECENTLY); BUT, LEE ADMITTED, ASEAN PARTNERS HAVE NOT YET RESPONDED TO SINGAPORE'S REQUESTS.

6. COMMENT. CLEARLY, SUCCESS OF ENDEAVOR AS IT IS NOW TAKING SHAPE WILL DEPEND ON ABILITY/WILLINGNESS OF INDIVIDUAL ASEAN COUNTRIES TO ACCOMMODATE PREFERENCE REQUESTS OF OTHERS. WE SEE SOME HARD HORSE TRADING AT SOME POINT IN THE FUTRE --

PERHAPS NOT TOO FAR AWAY -- AND WE BELIEVE GOS WILL TRY TO GET
BALL ROLLING. PROBLEM IS, OF COURSE, THAT THERE EXISTS SIG-
NIFICANT IMBALANCE BETWEEN BENEFITS WHICH SINGAPORE NEEDS TO
MAKE VIABLE ITS DIESEL ENGINE PROJECT--ACCESS TO LARGE,
RELATIVELY PROTECTED MARKETS OF ITS ASEAN PARTNERS, AND THOSE
ADVANTAGES WHICH IT CAN CONFER --ACCESS TO A SMALL, ALREADY
LARGELY UNPROTECTED MARKET.
GRANT

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Message Attributes

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Margaret P. Grafeld
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